

ELLIOTT & ELLIOTT, P.A.
ATTORNEYS AT LAW
1508 Lady Street
COLUMBIA, SOUTH CAROLINA 29201
selliott@elliottlaw.us

SCOTT ELLIOTT

TELEPHONE (803) 771-0555
FACSIMILE (803) 771-8010

July 23, 2018

VIA E-FILING

Jocelyn Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for an Accounting Order to Defer Certain Costs Related to Grid Reliability, Resiliency and Modernization
Docket No. 2018-206-E

Dear Ms. Boyd:

I represent the South Carolina Energy Users Committee ("SCEUC") in connection with the above docket. For the reasons set out, I join in the request of the Office of regulatory Staff ("ORS") in objecting to Petitioners' request for favorable accounting treatment of the costs at issue.

Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") seek a favorable accounting order to defer certain costs related to transmission grid upgrades. The Companies estimate the deferred costs related to Power/Forward will total approximately \$17 million for DEC and \$7 million for DEP until the rate effective dates for each Company's general rate case.

The Petitioners claim that without the favorable accounting treatment, DEC's cost of \$17 Million and DEP's cost of \$7 Million for the grid upgrades will somehow impair the Companies' financial stability. However, the amounts in question are relatively small and the Companies have failed to allege the amount of earnings erosion expected were the Commission to deny the Petitioners' request. Furthermore, some of the assets in which DEC wishes to invest may not be considered "upgrades" but may, instead, be normal routine maintenance.

The ORS states that the North Carolina Utilities Commission ruled DEC did not demonstrate the Power/Forward costs qualify for deferral accounting treatment in North Carolina. Due to the complexities of the Power/Forward initiative and accounting treatment request, ORS has

Jocelyn Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
July 23, 2018
Page 2

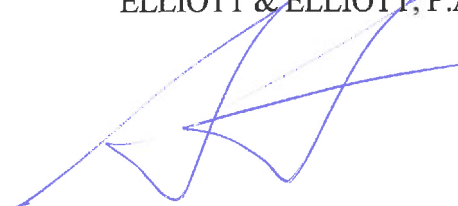
requested that the Commission schedule a hearing to determine if an accounting order is appropriate in South Carolina for costs associated with Power/Forward.

SCEUC would urge the Commission to deny DEC's and DEP's request for favorable accounting treatment as it relates to Power/Forward grid costs. However, in the alternative, SCEUC would join in the ORS request for a hearing for a thorough analysis of the nature of the Companies' request.

If you have questions, please do not hesitate to contact me.

Sincerely,

ELLIOTT & ELLIOTT, P.A.



Scott Elliott

SE/lbk

cc: All parties of record.

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that (s)he has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for an Accounting Oder to Defer Certain Costs Related to Grid Reliability, Resiliency and Modernization

DOCKET NO.: 2018-206-E

PARTIES SERVED: **VIA ELECTONIC AND REGULAR MAIL**

Heather S. Smith, Esquire
Deputy General Counsel
Duke Energy Carolinas, LLC
40 W. Broad Street, Suite 690
Greenville, SC 29601
Heather.Smith@duke-energy.com

Frank R. Ellerbe, III, Esquire
Sowell Gray Robinson Stepp Laffitte, LLC
Post Office Box 11449
Columbia, SC 29211
fellerbe@sowellgray.com

Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
jnelson@regstaff.sc.gov

PLEADING: LETTER

July 23, 2018



Linda B. Kitchens, Paralegal
ELLIOTT & ELLIOTT, P.A.
1508 Lady Street
Columbia, SC 29201
linda@elliottlaw.us